

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Telecommunications Division
Public Programs Branch***

**RESOLUTION T-16606
December 11, 2001**

R E S O L U T I O N

RESOLUTION T-16606. TO APPROVE THE PROPOSED CONTRACT WITH RICHARD HEATH AND ASSOCIATES, INC., TO OPERATE A MULTI-LINGUAL CALL CENTER FOR POTENTIAL UNIVERSAL LIFELINE TELEPHONE SERVICE CUSTOMERS IN THE AMOUNT OF \$1,481,900.

SUMMARY

This resolution adopts the proposed contract (contract) as modified in this resolution with Richard Heath and Associates, Inc., (RHA) to operate a Call Center to serve potential Universal Lifeline Telephone Service (ULTS) customers for a term of 36 months in the amount of \$1,481,900. The contract will retain RHA to operate a multi-lingual call center that will serve as an educational resource and competitively neutral referral source for potential ULTS customers.

BACKGROUND

Decisions 96-10-066 and 97-12-105

The California Public Utilities Commission (Commission) established the ULTS program in 1983 in response to the enactment of Public Utilities (PU) Code § 871, et seq., also known as the Moore Universal Telephone Service Act. The purpose of the ULTS program is to provide low-income households with access to affordable basic telephone service. In Decision (D.) 96-10-066, the Commission created the Universal Lifeline Telephone Service Marketing Board (ULTSMB) to serve as the entity responsible for marketing of the ULTS program.¹ Pursuant to D.96-10-066, the ULTSMB

¹ The Commission Decision D.96-10-066 established the Universal Lifeline Telephone Service Marketing Working Group (ULTSMWG). D.97-12-105 concluded that the responsibilities of the ULTSMBWG, as described in D.96-10-066 and as amended by D.97-12-105, were more consistent with those entities

was required to develop an annual budget for marketing the ULTS program, devise competitively neutral marketing strategies, and oversee the implementation of ULTS marketing campaigns. Additionally, in D.97-12-105, the Commission adopted a charter for the ULTSMB.

PU Code 270, et al.

In October 1999 the Governor of the State of California signed the California Senate Bill (SB) 669 into law. The provisions of SB 669, as amended by SB 742 in 2001, are codified as Chapter 1.5 (beginning with Section 270) to Part I, Division 1 of the PU Code. PU Code Section (a) (3), provides for creation of the ULTS Administrative Committee Fund in the State Treasury. The major requirements of SB 669, as amended by SB 742, which have been included in the PU Code, are as follows:

- a) Section 277 (a) provides for the creation of the Universal Lifeline Telephone Service Trust Administrative Committee as an advisory board to develop, to implement and to administer the ULTS program.
- b) Section 277 (b) provides that all revenues collected by the telecommunications carriers authorized by the Commission to fund ULTS program shall be submitted to the Commission on a schedule established by the Commission.

Beginning on October 1, 2001, and thereafter, the Commission shall transfer the money received and all unexpended revenues collected prior to October 1, 2001, to the State Controller for deposit in the ULTS Trust Administrative Committee Fund.²

- c) Section 273 (a) provides that the ULTS advisory board submit an annual budget to the Commission. The Commission will have ninety (90) calendar days, from the date the budget is received, to approve the budget.
- d) Section 274 provides for the financial and compliance audits of the ULTS program costs and activities at least once every three years, beginning July 1, 2002.³

Pursuant to D.01-09-064, in order to implement SB 669 within the timeframe established by SB 742, a new charter was adopted on an interim basis for the ULTSMB advisory board. This charter went into effect on October 1, 2001. According to the charter, the ULTSMB shall prioritize its recommendations to reflect the most pressing needs of the

considered to be “advisory boards” to the Commission rather than with entities the Commission considered to be “working groups”. Therefore, in order to better reflect the ULTSMWG’s responsibilities, D.97-12-105 changed the name of the ULTSMWG to the Universal Lifeline Telephone Service Marketing Board, also known as the ULTSMB.

² Section 277 of the Public Utilities Commission Code as amended by SEC. 21 of SB 742.

³ Section 274 of the Public Utilities Commission Code as amended by SEC. 18 of SB 742.

ULTS program, including proposals for expenditures of 80% of the marketing budget on campaigns designed to bring basic telephone service to qualifying households currently without telephone service. The remaining 20% shall be earmarked to increase ULTS participation among households with phone service that qualify, consistent with the mandate of PU Code § 871.5 (c).

Finally, in line with the aforesaid revisions, staff of the Telecommunications Division (TD) shall oversee the contract administration in coordination with the ULTSMB, in its advisory role, will advise the Commission on ULTS program marketing activities.⁴

Call Center Budgets

In Resolution T-16594, dated October 10, 2001, the Commission adopted a revised budget for FY 2001-02, which included a Marketing Projects budget in the amount of \$5,950,000. The Marketing Projects budget includes \$4 million for a Marketing Program and \$1 million for a Call Center for the last eight months of FY 2001-02. The amount of these two projects will not exceed the \$5 million budgeted in FY 2001-02.

In Resolution T-16561, dated October 25, 2001, the Commission adopted a Marketing Projects budget in the amount of \$6,700,000 for FY 2002-03. TD included \$5 million for the Permanent Marketing Plan, \$1.5 million for the Call Center and \$200,000 for Program Assessment for the FY 2002-03 budget. The Commission stated that a Call Center enhances the marketing program efforts by providing an avenue for potential ULTS customers to contact and request additional information on the ULTS program. For example, a Call Center will be able to serve as an educational resource and as a competitively neutral referral source for potential ULTS customers. The Commission further stated that results from the interim marketing program, Phase I, indicated a separate Call Center is essential to the successful expansion of the ULTS program.⁵

NOTICE/PROTESTS

The proposed ULTS Call Center contract with RHA was filed with the Telecommunications Division of the Commission on September 20, 2001. A notice of the filing was posted on the Commission Daily Calendar on October 2, 2001. No comments or protests have been received to date.

⁴ Decision 01-09-064 adopted a ULTSMB charter stating that the board is responsible for advising the Commission on the marketing of the ULTS program.

⁵ Other contracts are a market study for the ULTS program in 2001, in the amount of \$884,771.00 (Resolution (R) T-16496, dated February 8, 2001) and the Assessment of the Interim Marketing Program Phase I, in the amount of \$115,170.00 (R. T-16555 dated August 23, 2001).

DISCUSSION

The proposed contract with RHA, attached as Appendix A of this resolution, will be for thirty-six (36) months with the possibility of two (2) one-year extensions and a maximum amount of \$1,481,900 for the initial 36-month term. The contract directs RHA to provide educational and referral services for the ULTS Call Center. RHA shall furnish all necessary personnel, office space, equipment, materials, services, transportation and other necessary resources to perform the work in a professional manner.

The contractor, following the schedule of activities as covered by the contract, will accomplish the aforementioned tasks and in the process will submit a summary status report in writing, no later than the 5th of each month of the following month. The contractor will work in cooperation with the TD Project Manager in developing a report format acceptable to the ULTSMB and the Commission.

RHA proposes to provide the following services:

- a. Operate a telephone Call Center that provides multi-language customer service information on ULTS, and facilitate connection of callers with a carrier for service.
- b. Orally disseminate reliable and accurate information to callers on ULTS eligibility requirements and how they can subscribe.
- c. Coordinate and oversee language translations for ULTS Call Center Telephone Service Representative (TSR) scripts, recorded messages and Help Desk guidelines.
- d. Meet a minimum call response rate of 20 seconds for 80% of incoming calls, and provide an automatic call response system that would indicate the average wait-time in the queue.
- e. Provide monthly activity reports on call volume statistics and activities including demographic information. Periodic call center evaluations and recommendations should be provided as requested.
- f. Develop and maintain a current database of ULTS information. This information shall include at a minimum the carriers that offer ULTS by zip code, the languages in which they sell telephone service and the applicable ULTS rates and charges.
- g. Conduct ongoing training of TSR's on ULTS issues.
- h. Operate a ULTS Call Center that is open at a minimum from 8:00 a.m. to 5:00 p.m. Pacific Standard Time (PST). Contractor may include expanded hours of operation in their proposal that include evenings and Saturday.

- i. Refer and transfer callers to approved local carriers that provide ULTS service in their area, during carrier's normal business hours.
- j. Provide in-language/multi-lingual customer assistance to all callers. On-site operators must include, but are not limited to, English, Spanish and response for teletypewriter (TTY) callers. The contractor must submit a plan for handling calls outside of those staffed.
- k. Provide a means for managing calls received during non-operational hours (vis-à-vis, answering machine, Interactive Voice Response System, voice mail, etc.).
- l. Coordinate with the ULTSMB and its marketing and outreach vendors to maximize programmatic and staffing levels.
- m. Maintain a working knowledge of the ULTS program, telephone carriers' current policies in California, what services they provide, the languages in which they interact with customers, and current federal, state and Commission policies on connection and disconnection of service.

After review of the proposed contract with RHA, TD found that the proposed contract contains the relevant elements of a contract, is reasonable, and meets the state contracting rules. However, TD recommends the following modifications in order to adopt the proposed contract with RHA:

1. On page 4, item 5 (h), the contract states:
"Operate a ULTS Call Center that is open at a minimum from 8:00 a.m. to 5:00 p.m. Pacific Standard Time (PST). Contractor may include expanded hours of operation in their proposal that include evenings and Saturday."
This paragraph should be replaced with:
"Operate a ULTS Call Center that is open at a minimum from 8:00 a.m. to 5:00 p.m. Pacific Standard Time (PST)/Pacific Daylight Time (PDT) Monday through Friday. RHA will monitor after-hours voice mail activity for weekdays and Saturdays. If the volume justifies the extension of operating hours to include evenings up to 7:00 p.m. (PST)/Pacific Daylight Time (PDT) and possibly Saturdays, RHA will seek Commission approval for the incremental cost for the extended hours."
2. On page 5, item 5 (l), the contract states:
"Coordinate with the ULTSMB and its marketing and outreach vendors to maximize programmatic and staffing levels."
This paragraph should be replaced with:
"Coordinate with TD staff to maximize programmatic and staffing levels."
3. On page 5, item 6, second paragraph, the contract states:
"The following dates assume that work will begin on or after September 20, 2001. For each day of delay in starting due to lack of an

approved Contract by the CPUC [Commission], the Contractor [RHA] may add one day to all due dates specified in this schedule. All work must be completed by September 20, 2004 or thirty-six months from the start date.”

To accommodate for probable changes to the starting date, this paragraph should be replaced with:

“The contract must begin no later than 30 days after the approval by the Commission and Department of General Services (DGS). All work must be completed thirty-six months from the start date.”

Also, the timeline as noted on page 5, item 6, must be updated to reflect the new start date.

4. On page 10, item 12 (D), the contract states:

“Progress payments will be made monthly, in arrears, or at clearly identifiable stages of progress based upon written progress reports submitted by the Contractor with the Contractor’s invoice for work previously completed.”

This paragraph should be replaced with:

“Progress payments will be made monthly, in the following month, or at clearly identifiable stages of progress based upon written progress reports submitted by the Contractor with the Contractor’s invoice for work previously completed. Ten percent (10%) shall be withheld from each invoice including billable hours and expenses. The retention shall become payable semi-annually in February and August subject to the written approval of TD for satisfactory completion of the monthly report for the previous six months or less than six months, if applicable. Contractor must submit a separate invoice for payment of the retained amount, no later than the 5th of the month.”

CONTRACTUAL TERM AND BUDGET

The term of this contract shall be thirty-six months contingent on the availability of ULTS funds for the purpose of this program. TD shall have the option to extend this contract by giving the contractor not less than sixty days notice before the end of the initial term. In addition, this contract is subject to further restrictions, limitations or conditions enacted by the Commission and/or Legislature which may affect the provisions, terms, or funding of this contract in any manner, unless earlier terminated by TD in accordance with the termination provisions contained in the contract. The maximum amount of this contract shall not exceed \$1,481,900 over the initial 36-month term. This amount may be changed during the term of this contract only by the Commission approval of an amendment to this contract. The contract is of no force or

effect until signed by the Contractor and the Executive Director of the Commission and approved by the Commission and the DGS. Contractor may not commence performance until the approval from the Commission and DGS is obtained, and written notification is received from the TD project manager.

The Contractor shall file a revised contract agreement incorporating the modifications discussed in this resolution. The revised contract should be filed with the TD Director within 15 days from the effective date of this resolution.

COMMENTS

The draft resolution of TD with regard to the Call Center contract was mailed on November 9, 2001, in accordance with the PU Code § 311 (g) to the parties in R.95-01-020/I.95-01-021 and R.98-09-005 and members of the Universal Lifeline Telephone Service Trust Administrative Committee and ULTSMB. TD received no comments on the draft resolution.

FINDINGS

1. In October 1999, the Governor of the State of California signed the California legislature bill, Senate Bill (SB) 669, into law, the provisions of which, as amended by SB 742 in 2001, are codified as Chapter 1.5 (beginning with Section 270) to Part I, Division 1 of the California Public Utilities (PU) Code.
2. Pursuant to the California Public Utilities Commission (Commission) Decision 01-09-064, in order to implement SB 669 within the timeframe established by SB 742, a new charter was adopted on an interim basis for the Universal Lifeline Telephone Service Marketing Board (ULTSMB), an advisory board, effective October 1, 2001.
3. Due to the new advisory role of the ULTSMB, a new contract agreement form needs to be signed by Richard Heath Associates (RHA) as the Contractor and the Commission Executive Director.
4. The Telecommunications Division (TD) recommendations, as discussed in this resolution, are reasonable and should be adopted.
5. The proposed contract with RHA, attached as Appendix A of this resolution, for the Universal Lifeline Telephone Service (ULTS) Call Center for a thirty-six month term in the amount of \$1,481,900, as modified herein, is reasonable and should be adopted.
6. TD shall have the option to extend this Contract by giving notice to the Contractor no less than Sixty (60) days before the end of the initial term.

7. The proposed contract meets the State's contacting rules and is subject to the approval of the Department of General Services.

THEREFORE, IT IS ORDERED that:

1. The contract with Richard Heath and Associates, Inc. (RHA), as contained in Appendix A of this resolution, for the Universal Lifeline Telephone Service (ULTS) Call Center is adopted subject to the modifications/clarifications as set forth in this Resolution.
2. The contract with RHA for the ULTS Call Center shall be in effect for an initial term of thirty-six months from the effective date of this Resolution with two one-year extensions with Telecommunications Division (TD) Director approval.
3. The maximum amount of this contract is \$1,481,900 for the initial term.
4. The TD Director shall have the option to extend this contract for two (2) one-year extensions by giving notice to RHA not less than sixty (60) days before the end of the initial term. In addition, this contract is subject to any further restrictions, limitations or conditions enacted by the Commission and/or Legislature which may affect the provisions, terms, or funding of this contract in any manner, unless earlier terminated by the Commission in accordance with the termination provisions contained in paragraphs 40-41 of this contract, as attached in Appendix A to this Resolution.
5. RHA shall file a revised contract incorporating the modifications discussed in this Resolution with the TD Director within 15 days of the effective date of this Resolution.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 11, 2001. The following Commissioners approved it:

/s/ WESLEY M. FRANKLIN

WESLEY M. FRANKLIN
Executive Director

LORETTA M. LYNCH
President
HENRY M. DUQUE
RICHARD A. BILAS
CARL W. WOOD
GEOFFREY F. BROWN
Commissioners

APPENDIX A

1. RHA Contract No. ULTSMB070101

The above document is incorporated herein by reference. Copies are not appended to this resolution. Copies of this document may be obtained by contacting the Telecommunications Division at 415-703-2628.